

~~CONFIDENTIAL~~  
CO-ORDINATING COMMITTEE

MEMORANDUM BY THE UNITED KINGDOM DELEGATION

Rolling Mills - Item 1305

United Kingdom compromise redefinition proposals

1. The following redefinition proposals represent an effort to meet United States anxieties, as reflected in COCOM Docs. 3413.05/3 and 4, at the United Kingdom proposal to delete the existing embargo item 1305 (see COCOM Docs. 3413.05/1 and 2):-

" Metal rolling mills, the following:-

" (a) Specially designed for rolling refractory metals.

" (b) Sheet or strip mills, as follows:-

(i) Having the work rolls supported by multiple back-up rolls or bearings contained in a single housing.

(ii) Having automatic work roll adjustment controls for tapering or contouring along the length of the sheet or strip.

(iii) More than 3-high (including dual-purpose mills which can operate as either 2- or 4- high) which achieve cross-sectional contour control by concurrent deforming of back-up rolls or which possess other features designed to achieve a similar degree of cross-sectional control.

" (c) Specialised controls, parts and accessories for the above mills.

"Note 1. For the purpose of part (a) of this definition, "refractory metals" are metals and alloys which have a melting point in excess of 3,500°F.

"Note 2. Governments may permit, as administrative exceptions, exports of mills covered by part (b) of this item (and of specialised controls, parts and accessories covered by part (c) which relate to mills covered by part (b)) where comparable mills have been in operation in any country for more than 3 years."

2. The rationale of the above redefinition proposals is as follows:-

Part (a). Mills specially designed for rolling refractory metals appear to meet the internationally agreed criteria for embargo.

Part (b)(i). "Sendzimir" mills do not, as a class, appear to meet the criteria for embargo. The case for embargoing such mills seems to rest essentially on two grounds:

(1) in America (though not in the Bloc) they make a "significant contribution" to military production; and

(2) recent developments in design of such mills in America compromise protectable "know-how".

As regards (1), such mills as a class are multi-purpose and have common and substantial civilian applications; they are neither designed specially, nor in peacetime used principally, for the production of arms, etc. Accordingly there would appear to be no grounds for embargo under criterion (a).

As regards (2), a time-stop to the embargo is thought to provide an appropriate means of protecting any "know-how" of military significance within the meaning of criterion (b). It is accordingly suggested that no export of a "Sendzimir"

mill should be allowed unless such a mill (of comparable specifications to the one proposed for export) has been in operation for more than 3 years. Since a significant time lag will expire between the time an export is authorised and the time an exported mill comes into operation, the duration of "know-how" protection conferred by this rule would be substantially longer than 3 years.

Part (b)(ii). The mills here defined are what it is understood the United States means by "taper mills". The significance of the "taper mill" is that it can put a taper or contour along the length of the sheet or strip being rolled. The military significance of such a mill is believed to be primarily in terms of "know-how" and a time-stop to the embargo would accordingly appear appropriate. If, however, the case for embargo is held to have been established on criterion (a) grounds, the United Kingdom would not object to complete embargo on such mills at the present time.

Part (b)(iii). The mills within this definition are those which confer significantly improved cross-sectional flatness or ~~consistency~~ of thickness on the rolled product. The United Kingdom can agree that in the early stages of development of such mills the main significance of such features is likely to be in applications of strategic importance; and the "know-how" involved is accordingly regarded as ranking for embargo protection, subject to a time-stop, as the United States have suggested.

Part (c). recognises the appropriateness of embargoing specialised controls, parts and accessories for embargoed mills.

\*Note 1, defines "refractory metals" for the purposes of part (a) of the definition.

\*Note 2, provides, by way of "Administrative exception", the time-stop on the embargo coverage of part (b) and a portion of part (c) of the proposed new definition. The advantage of using the "Administrative exceptions" technique for this purpose is that it ensures full control by the Government authorities concerned over permissible exports of mills within the embargo classes in question; and enables the embargo rule itself to be simpler and more satisfactory administratively (cf. sub-item A.3 in the United States proposed definition in COCOM Doc. 3413.05/3). The United Kingdom would not object if it were desired that all cases of administrative exceptions should be reported to COCOM.

3. It should not be necessary to set out in full the reasons for all the detailed changes and modifications from the embargo definition proposed by the United States in COCOM Doc. 3413.05/3. With two exceptions, the aim is to cover (though not in some cases in precisely the same way) the same classes of mills as those covered by the United States proposals. The two exceptions are as follows:-

- (a) "Cluster"-type mills other than "Sendzimir" mills. As indicated in COCOM Doc. 3413.05/1, the United Kingdom does not believe that sheet and strip mills "having the work rolls supported by multiple back-up rolls or bearings" meet any of the criteria for embargo. Recent, and expected future, development in "Sendzimir" design in America give grounds for establishing an embargo on "Sendzimir" mills, subject to a time-stop; but, on the information available, no such developments have taken place or are expected to occur in respect of other types of "cluster" mill. The re-wording of this part of the embargo coverage is accordingly designed to limit the embargo to "cluster" mills of the "Sendzimir" type only.
- (b) Mills incorporating electronic closed-loop gauge controls which secure improved flatness characteristics along the length of the sheet or strip. Such controls are particularly appropriate for high-speed throughput mills for civilian production, and do not have a specifically military significance. "Know-how" within the meaning of criterion (b)

is not involved. While, therefore, the United Kingdom agrees that, on "know-how" grounds, an embargo, subject to a time stop, should be put on mills capable of contouring and profiling along the length of the sheet or strip, and on mills capable of securing improved "flatness" characteristics across the sheet or strip, there are no grounds for (and serious objections against) embargoing in any way mills capable of achieving improved "flatness" along the sheet or strip.

4. It should be noted that the redefinition proposals set out in Paragraph 1 above would serve to extend the embargo coverage in certain significant respects beyond the coverage of the existing I.L. 1305. These extensions would, in the United Kingdom's view, be fully consistent with Cocom's purposes and principles. The proposals would at the same time free the wide range of civilian industrial mills now subject to embargo.

6th October, 1959.